

MARKET CONDUCT EXAMINATION

**A COLLABORATIVE EXAMINATION
CONDUCTED BY WASHINGTON, IDAHO, AND
ARIZONA OF:**

**WESTERN UNITED LIFE ASSURANCE COMPANY
OLD STANDARD LIFE INSURANCE COMPANY
OLD WEST LIFE & ANNUITY COMPANY**

**510 S. Clearwater Loop
Post Falls, Idaho 83854-6930**

**Examination Period:
January 1, 2002 – September 30, 2003**



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The Honorable Mike Kreidler
Washington State Insurance Commissioner
Insurance Building
P.O. Box 40255
Olympia, Washington 98504

The Honorable Mary L. Hartung
Idaho Department of Insurance
P. O. Box 83720
Boise, Idaho 83720-0043

The Honorable Christina Urias
Arizona Department of Insurance
2910 N. 44th Street, 2nd Floor
Phoenix, Arizona 85018-7256

Dear Commissioner Kreidler, Director Hartung, and Director Urias:

Pursuant to your instructions and in compliance with the statutory requirements of Chapter 48.03, Revised Code of Washington, Chapter 284, Washington Administration Code; Title 41, Idaho Code and Idaho Administrative Code; and Arizona Revised Statutes Title 20 and Arizona Administrative Code Rules 20-6; and procedures promulgated by the National Association of Insurance Commissioners, the Office of the Insurance Commissioner (OIC), the Idaho Department of Insurance, and the Arizona Department of Insurance, an examination of the market conduct affairs has been performed of:

Western United Life Assurance Company, NAIC #77925
Old Standard Life Insurance Company, NAIC #88579
Old West Life & Annuity Company, NAIC #76791

In this report, Western United Life Assurance Company is referred to as WULA, Old Standard Life Insurance Company is referred to as OSL, Old West Life & Annuity Company is referred to as OWAL. Collectively, WULA, OSL and OWAL are referred to as the Companies.

This report of examination is respectfully submitted.

**CHIEF EXAMINER'S REPORT CERTIFICATION and
ACKNOWLEDGEMENTS**

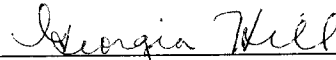
This examination was conducted in accordance with Washington Office of Insurance Commissioner, Idaho Department of Insurance, Arizona Department of Insurance, and National Association of Insurance Commissioners procedures for market conduct examinations. Nancy L. Barnes, AIE, ACS of the Washington State Office of Insurance Commissioner; J. Dale Freeman, CIE and Darrell W. Cartwright, CPCU, AIE of the Idaho Department of Insurance; and Howard Quinn, CLU, AIE of the Arizona Department of Insurance performed this examination and participated in the preparation of this report.

The examiners wish to express appreciation for the courtesy and cooperation extended to them by the personnel at Western United Life Assurance Company, Old Standard Life Insurance Company, and Old West Annuity & Life Insurance Company.

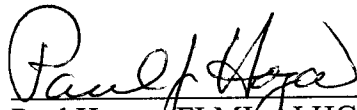
We certify that the following is the report of the examination, that we have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Washington Office of Insurance Commissioner, Idaho Department of Insurance, and Arizona Department of Insurance, and that this report is true and correct to the best of each of the undersigned's knowledge and belief.



Leslie A. Krier, AIE, FLMI
Chief Market Conduct Examiner
Office of the Insurance Commissioner
State of Washington



Georgia Hill
Chief Examiner/Bureau Chief
Idaho Department of Insurance

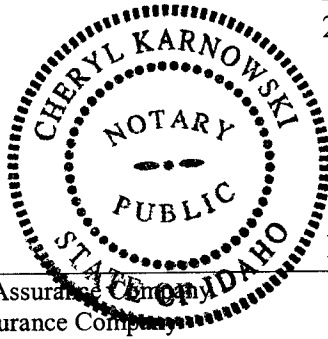


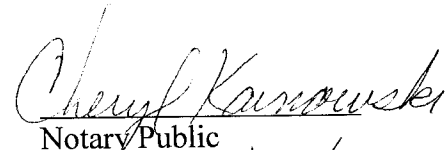
Paul Hogan, FLMI, ALHC, AIE
Market Oversight Administrator
Arizona Department of Insurance

State of Idaho)
S.S.

County of Ada)

Subscribed and sworn to (or affirmed) before
me by Georgia Hill this 19th day of July,
2004.




Notary Public

My Commission Expires on 9/12/2009

FOREWORD

This examination was completed by applying tests to each examination standard. Each test applied during the examination is stated in this report and the results are reported. Exceptions are noted as part of the comments for the applied test.

Throughout the report, where cited, RCW refers to the Revised Code of Washington, and WAC refers to Washington Administrative Code; IC refers to the Idaho Code and IAC refers to the Idaho Administrative Code; ARS refers to the Arizona Revised Statutes, and AAC refers to the Arizona Administrative Code.

Scope

Time Frame

This was the first market conduct examination of Western United Life Assurance Company and Old West Life & Annuity Company. Old Standard Life Insurance Company was examined by the State of Idaho as of 12/31/94. This examination covered operations from January 1, 2002 through September 30, 2003. In some instances, the review period was extended to cover a more current time frame. These areas will be noted in the report. This examination was performed in the Companies' administrative office in Post Falls, Idaho; in the Washington OIC Seattle office; in the Idaho Department of Insurance offices; and in the Arizona Department of Insurance office.

Matters Examined

The examination included a review of the following areas:

Claims

Policy Administration

Sampling Standards

Methodology

In general, the sample for each test utilized in this examination falls within the following guidelines:

92 %	Confidence Level
+/- 5 %	Mathematical Tolerance.

Regulatory Standards

Market conduct samples are tested for compliance with standards established by the OIC, Idaho DOI, and Arizona DOI. The tests applied to sampled data will result in an error

ratio, which determines whether or not a standard is met. If the error ratio found in the sample is, generally, less than 5%, the standard will be considered as “met.” The standards in the areas of agent licensing and appointment, and policy and form filings will not be met if any violation is identified. This will also apply when all records are examined, in lieu of a sample.

For those standards, which look for the existence of written procedures, or a process to be in place, the standard will be met based on the examiner’s analysis of those procedures or processes. The analysis will include a determination of whether or not the company follows established procedures.

Standards will be reported as Passed (without Comment), Passed with Comment or Failed. The definition of each category follows:

Passed	There were no findings for the standard.
Passed with Comment	Errors in the records reviewed fell within the tolerance level for that standard.
Failed	Errors in the records reviewed fell outside of the tolerance level established for the standard.

COMPANY OPERATIONS & MANAGEMENT

Company History

Western United Life Assurance Company:

Western United Life Assurance Company, a Washington domestic company, was authorized by the State of Washington as a life and disability insurance carrier on June 11, 1963. WULA is engaged primarily in the sale of annuity contracts. The Company is authorized to write life insurance but ceased doing so in 1998, concentrating its efforts on the sale of annuities.

WULA is licensed to conduct business in the following states: Washington, Idaho, Arizona, Alaska, Hawaii, Indiana, Montana, North Dakota, Nebraska, Nevada, Oklahoma, Oregon, South Dakota, Texas, Utah, and Wyoming.

WULA is owned by Western United Holding Company, which is owned by Metropolitan Mortgage & Securities Co., Inc. The president of WULA is Dale Whitney.

Old Standard Life Insurance Company:

Old Standard Life Insurance Company, an Idaho domestic company, is engaged in the sale of annuity contracts. The State of Washington issued a certificate of authority to OSL on January 2, 1997.

OSL is licensed to conduct business in the following states: Idaho, Washington, Iowa, Montana, North Dakota, Oregon, and Utah.

OSL is owned by Summit Group Holding Company, which is owned by Summit Securities, Inc. The president of OSL is Dale Whitney.

Old West Annuity & Life Insurance Company:

Old West Annuity & Life Insurance Company, an Arizona domestic company, is engaged in the sale of annuity contracts.

OWAL is licensed to conduct business in the following states: Arizona, Idaho, California, Delaware, New Mexico, Texas, and Utah.

OWAL is a wholly owned subsidiary of Old Standard Life Insurance Company. As stated above, OSL is owned by Summit Group Holding Company, which is owned by Summit Securities, Inc. The president of OWAL is Dale Whitney.

Administrative Supervision

On December 24, 2003, the State of Washington assumed administrative supervision of WULA. Similar actions were taken by the States of Idaho and Arizona for OSL and OWAL, respectively. Administrative supervision was assumed due to the financial difficulties experienced by the Companies' parents, Metropolitan Mortgage & Securities Co, Inc. and Summit Securities, Inc.

The Companies agreed to the order in an effort to protect policyholders and reduce the possibility of adverse consequences to the Companies.

Washington Examination Findings

Company Operations and Management Standards #2 and #4 were not tested in this examination. The examiner did not review the Companies' Articles of Incorporation, Bylaws, or board meeting minutes.

The following Company Operations and Management Standards passed without comment:

#	Company Operations and Management Standard	Regulatory Authority
1	The Company is authorized with the Office of Insurance Commissioner prior to acting as a life insurance carrier in the State of Washington.	RCW 48.05.030(1)
3	No less than three-fourths of the directors are United States or Canadian citizens, and a majority of mutual insurer directors are residents of this state.	RCW 48.07.050

GENERAL EXAMINATION STANDARDS

The records and operations of each Company were reviewed to determine if the Companies do business in accordance with the requirements of each state. The examiners found that in most cases, the Companies records are in order and the Companies follow laws and regulations pertaining to general company operations.

Washington Examination Findings

The following General Examination Findings Standards passed without comment:

#	General Examination Findings Standard	Regulatory Authority
1	The Company does business in good faith and practices honesty and equity in all transactions.	RCW 48.01.030

#	General Examination Findings Standard	Regulatory Authority
2	The Company allows the examiners access to all records, documents and files, and facilitates the examination process.	RCW 48.03.030(1)
3	The Company does business in its own legal name.	RCW 48.05.190(1), Bulletin 78-7
5	The Company does not discourage insureds from contacting the OIC and does not discriminate against those insureds that do contact the OIC.	WAC 284-30-572(2)

The following General Examination Findings Standard passed with comment:

#	General Examination Findings Standard	Regulatory Authority
4	The Company maintains full and adequate accounts and records of its assets, obligations, transactions and affairs.	RCW 48.05.280

General Examination Findings Standard #4:

The examiner reviewed 350 paper files (91 claims, 259 policy administration) during the examination. Thirty (30) of those files did not contain all documents. In particular, 27 of the life policy administration files did not contain copies of the annual policy statements. The examiner found that there was no consistency in placing the annual policy statements in these files. The other three (3) errors were determined to be isolated incidents. The examiner was informed that the Companies maintain paper files as well as imaged files. All of the missing documents were readily produced from the Companies' image system when requested.

See Appendix A.

INFORCE POLICY ADMINISTRATION

Policy Administration Procedures

The Companies maintain detailed policy administration procedures. The procedures provide guidance, education and instruction for processing all types of administrative changes to a policy. Policy administration personnel are trained to handle and process all transactions for all Companies.

Policy Administration Review

The Companies provided two (2) databases. One (1) database contained life policies that were in force during the examination period for WULA, OSL and OWAL. One (1)

database contained annuity policies that were in force during the examination period for WULA, OSL and OWAL.

The following is a breakdown of the database populations and sample sizes selected for each state:

Washington

Company	Type	Population #	Sample Size*
WULA	Life	1,755	50
	Annuity	15,671	100
OSL	Annuity	45	45
OWAL	Annuity	14	14**
TOTAL		17,485	209

*Based on NAIC Market Conduct Examiner Handbook guidelines.

**Washington residents. Policies issued in Arizona, California, Idaho and Texas.

Idaho

Company	Type	Population #	Sample Size*
OSL	Annuity	2,721	50
TOTAL		6,298	50

*Based on NAIC Market Conduct Examiner Handbook guidelines.

Arizona

Company	Type	Population #	Sample Size*
WULA	Life	47	47
	Annuity	2,136	50
OSL	Annuity	16	16**
OWAL	Annuity	780	50
TOTAL		2,979	163

*Based on NAIC Market Conduct Examiner Handbook guidelines.

**Arizona residents. Policies issued in Idaho, Oregon, Utah and Washington.

Washington Examination Findings

There were 100 files in the total of 209 that were reviewed that had no changes. Of the remaining 109 files, there were 190 policy administration transactions that occurred. Forty-four (44) of those files contained multiple administration changes.

Type of Change	# of Changes Requested	Percentage
Address Change	51	26.8%
Annuitization	6	3.2%
Beneficiary Change	4	2.1%

Type of Change	# of Changes Requested	Percentage
Collateral Assignment	2	1.1%
Death Claim	3	1.6%
Full surrender	5	1.6%
Name change	3	1.6%
Partial surrender	67	35.3%
Policy owner change	5	2.6%
Policy loan	3	1.6%
Premium handling	13	6.8%
Reinstatement	2	1.1%
RMD Transactions	24	12.6%
Rider expiration	1	0.5%
Stale check replacement	1	0.5%
TOTAL	190	100%

The average time from date of request of change to processing for all the transactions listed was 4.5 working days.

Due to concerns regarding the financial condition of Metropolitan Mortgage, the examiner reviewed an additional 50 files from the Western United annuity population. These randomly selected files were annuities that had been surrendered between January 1, 2003 and January 19, 2004.

Reason for Surrender	# Surrendered	Percentage
Court-ordered surrender	1	2%
Media coverage	1	2%
No reason provided	26	52%
Real Estate Transaction	1	2%
Rollover to new WULA annuity	2	4%
Terminated during free look period	3	6%
Transfer to Metropolitan Mortgage	1	2%
Transfer to other insurance companies or financial institutions	15	30%
TOTAL	50	100%

The average time from receipt of the surrender request to processing of the request was four (4) days. The average surrender value was \$24,207.75.

Policy Administration Standards #1 and #5 were not tested. Policy Administration Standard #1 is applicable only to companies that issue participating policies. Policy Administration Standard #5 is applicable only to companies that issue group life insurance.

The following Policy Administration Standards passed without comment:

#	Policy Administration Standard	Regulatory Authority
3	The Company processes all types of contract administration procedures in accordance with the required contract provisions. <i>Individual Annuity Only</i>	RCW 48.23.150, RCW 48.23.190, RCW 48.23.210

The following Policy Administration Standards failed:

#	Policy Administration Standard	Regulatory Authority
2	The Company processes all types of policy administration procedures in accordance with the required policy provisions. <i>Individual Life Only</i>	RCW 48.23.030, RCW 48.23.070(1), RCW 48.23.080(1), RCW 48.23.085(6), RCW 48.23.120
4	Companies who use policy illustrations at issue provide the insured with an annual report on the status of the policy in accordance with the regulations. <i>Individual Life and Group Life Only</i>	RCW 48.23A.070

Policy Administration Standard #2:

There were three (3) policy loans in the sample reviewed:

- Policy #UL002031
- Policy #UL011747
- Policy #TA009706

WULA did not provide notification of the initial interest rate at the time of the loan to the policy owners as required by RCW 48.23.085(6).

Subsequent Event: The Companies implemented procedures on 2/2/04 to begin sending letters to the policy owners accompanying any checks for policy loans. The letters will notify of the interest rate at the time of the loan and will conform to all of the requirements in RCW 48.23.085(6).

Policy Administration Standard #4:

Forty-nine (49) of the 50 life insurance files that were reviewed used policy illustrations at issue. The annual statements provided did not include the disclosure statement required in RCW 48.23A.070(2).

Subsequent Event: The Companies provided the examiners with a copy of its new annual policy notification statement. The new statements contain the required disclosure

statement as written in RCW 48.23A.070(2). Use of the new annual policy statements began 2/4/04.

Idaho Examination Findings

A sample of 100 annuity files was reviewed to assure compliance with Marketing and Sales Standards as well as Policyholder Service Standards. The examiners reviewed 50 inforce files and an additional 50 surrendered files from the Old Standard annuity population. The 50 surrendered files were randomly selected annuities that had been surrendered between January 1, 2003 and January 19, 2004.

The following Marketing and Sales Standard passed without comment:

#	Marketing and Sales Standard	Regulatory Authority
5	Company rules pertaining to company requirements in connection with replacements are in compliance with applicable statutes, rules and regulations.	IDAPA 18.41

The following Marketing and Sales Standard failed:

#	Marketing and Sales Standard	Regulatory Authority
4	Company rules pertaining to producer requirements in connection with replacements are in compliance with applicable statutes, rules and regulations.	IDAPA 18.41.012

Marketing and Sales Standard #4:

In two (2) cases, there was no producer replacement report as required by IDAPA 18.41.012. See Appendix B.

The following Policyholder Service Standards passed with comment:

#	Policyholder Service Standard	Regulatory Authority
2	Policy issuance and insured requested cancellations are timely.	I.C. 41-1329, I.C. 41-1824, I.C. 41-1935
5	Policy transactions are processed accurately and completely.	I.C. 41-1321, I.C. 41.1824

Policyholder Service Standard #2:

In three (3) files, there was no documentation for the reasons for termination of the contract. See Appendix B.

Policyholder Service Standard #5:

Eleven (11) of the files reviewed did not contain a completed company delivery receipt. See Appendix B.

Arizona Examination Findings

A.R.S. § 20-1209(A) requires that the Company must file certification with the Director of Insurance if a policy loan interest rate exceeds 6% per annum. While reviewing the sample of 47 WULA policy administration files, the examiner found that four (4) policy holders were affected by the failure of the Company to file the certifications for its Ultra VII and Ultra VIII products.

The Companies complied with all other Arizona statutes and rules applicable to this section of the examination.

CLAIMS

Claims Procedures

The examiners were provided with the claims procedures that the Companies used during the examination period. Based on the claim files that were reviewed, the procedures accurately depict the handling of life and annuity claims. Staff members are trained to process claims for WULA, OSL, and OWAL.

Claims Review

The Companies provided five (5) databases:

- WULA Life Claims
- WULA Waiver of Premium Claims
- WULA Annuity Claims
- OSL Annuity Claims
- OWAL Annuity Claims

The following is a breakdown of the database populations and sample sizes selected for each state:

Washington

Company	Type	Population #	Sample Size*
WULA	Life	35	35
	Waiver of Premium	1	1
	Annuity	575	50
OSL	Annuity	5	5
TOTAL		616	91

*Based on NAIC Market Conduct Examiner Handbook guidelines.

Idaho

Company	Type	Population #	Sample Size*
OSL	Annuity	116	50
TOTAL		242	160

*Based on NAIC Market Conduct Examiner Handbook guidelines.

Arizona

Company	Type	Population #	Sample Size*
WULA	Life	1	1
	Annuity	40	40
OWAL	Annuity	11	11
TOTAL		52	52

*Based on NAIC Market Conduct Examiner Handbook guidelines.

Washington Examination Findings

There were 616 claims incurred by Washington residents during the examination period. The examiner reviewed 35 death claims on life policies, one (1) waiver of premium claim, and 55 death claims on annuity policies. The examiner confirmed that the Companies' procedures were followed and confirmed compliance with Washington statutes and rules for proper claim handling.

Claims Standards #1, #3, #4, #9, and #14 were not tested. The Companies incurred no claims for accelerated benefits, no claims had OIC inquiries, and there were no claims denied for reasons other than specific policy provisions, conditions, or exclusions.

The following Claims Standards passed without comment:

#	Claims Standard	Regulatory Authority
7	The Company does not misrepresent any policy provisions at the time of the claim.	WAC 284-30-350(1) and (4)
8	The Company acknowledges receipt of notification of a claim within 10 working days.	WAC 284-30-360(1)
10	The Company responds to any other inquiries from a claimant within 10 working days.	WAC 284-30-360(3)
12	The Company completes investigation of the claim within 30 days of notice of claim, unless such investigation cannot reasonably be completed within such time.	WAC 284-30-370

#	Claims Standard	Regulatory Authority
13	The Company advises of the acceptance or denial of a claim within 15 working days of receipt of properly executed proof of loss. If denied for a specific policy provision, condition, or exclusion, it must be given to the claimant in writing.	WAC 284-30-380(1)
15	If the Company needs more time to determine if the claim should be accepted or denied, it notifies the claimant within 15 working days of receipt of proof of death. If the investigation remains incomplete, the Company sends a letter with the reason for the delay within 45 days of the initial notice and every 30 days thereafter.	WAC 284-30-380(3)

The following Claims Standards passed with comment:

#	Claims Standard	Regulatory Authority
2	Interest at no less than 8% of the payable death benefit accrues from the date of death up to the payment date. Benefits that have not been paid 90 days after receipt of the proof of death accrue an additional 3% interest, commencing on the 91 st day, up to the payment date. <i>Individual Life Only</i>	RCW 48.23.300
5	The Company pays claims fairly and without deception as defined by the unfair claims settlement practices act.	WAC 284-30-330(1), (2), (3), (4), (5), (9), (11), (13), (15), and (19)
6	The Company maintains complete claim files with all notes and work papers in such detail that the claims history can be reconstructed.	WAC 284-30-340
11	The Company provides necessary claim forms, instructions, and reasonable assistance within 10 days of receipt of notice of claim.	WAC 284-30-360(4)

Claims Standard #2:

Interest on the proceeds on one (1) claim was not paid (OIC #3, Claim #556). WULA informed the examiner that its records reflected the deceased was an Idaho resident, and it was determined at the time of claim that interest on the policy proceeds was not payable. However, it was overlooked that the death certificate reflected the deceased was now a Washington resident.

Subsequent Event: WULA issued a check in the amount of \$727.01, payable to the beneficiary, on 1/22/03. The check was for interest due on the proceeds from the insured's date of death of 1/21/02 through 1/22/03.

Claims Standard #5:

WAC 284-30-330(9) requires that a statement of proceeds be provided to the beneficiary. The statement of proceeds on one (1) claim did not show that withholding for taxes was taken (OIC #35, Claim #661). The examiner confirmed that taxes were withheld as requested and the check was issued for the correct amount. WULA acknowledged that the withholding amount was inadvertently not listed on the statement of proceeds.

Claims Standard #6:

It is the Companies' procedure to maintain a copy of the check for proceeds in each claim file. There was one (1) file in which the copy of the check was missing (OIC #12, Claim #583).

Claims Standard #11:

WULA did not provide claim forms and instructions within ten (10) working days on one (1) claim (OIC #4, Claim #559). Notification of death was received on 2/20/02. Claim requirements were mailed to the beneficiary on 3/7/02. The time between notification and sending the forms and instructions was 12 working days.

Idaho Examination Findings

The following Claims Standards passed without comment:

#	Claims Standard	Regulatory Authority
4	The Company responds to claim correspondence in a timely manner.	I.C. 41-1329
6	Claims are handled according to policy provisions and state laws.	I.C. 41-1329
9	Claims are handled according to policy provisions and state laws.	I.C. 41-1329

The following Claims Standard failed:

#	Claims Standard	Regulatory Authority
3	Claims are settled in a timely manner.	I.C. 41-1329, I.C. 41-1930

Claims Standard #3:

In one claim, three (3) months passed before the death claim was processed (12/1/01 to 3/7/02). Idaho Code Section 41-1930 requires that an insurer cannot specify a period of more than two (2) months for settlement to be made. See Appendix B.

Arizona Examination Findings

A.A.C. R20-6-801(E)(4) requires the Company to provide claim forms and assistance to the beneficiary within ten (10) days of notification of claim. The examiner criticized one (1) claim file. OWAL did not provide claim forms or assistance for 97 days following the notification of the claim (OWAL #CD001389).

A.R.S. § 20-461(A)(5) requires the Company to affirm or deny coverage of a claim within a reasonable time after proof of loss statements have been completed. **A.A.C. R20-6-801(F)** states that every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot be reasonably completed within such time. The examiner found two OWAL claims that were not completed within 30 days (OWAL #CD001389 and OWAL #CD002422). The examiner deemed that claim investigation could have been completed within this time frame.

The Companies complied with all other Arizona statutes and rules applicable to this section of the examination.

INSTRUCTIONS

#	Instruction	Page #
1	The Companies are instructed to provide notification of the initial policy loan interest rate and pertinent policy loan provisions at the time of each policy loan. Reference: RCW 48.23.085	12
2	WULA is instructed to include the required disclosure statement in its annual policy statements. Reference: RCW 48.23A.070(2)	12
3	OSL is instructed to include a producer replacement report in each file. Reference: IDAPA 18.41.012	13
4	WULA is instructed to file certification with the Arizona Director if a policy loan interest rate exceeds 6% per annum. Reference: A.R.S. § 20-1209(A)	14
5	OSL is instructed to process and settle its claims within two (2) months as required. Reference: I.C. 1329, I.C. 41-1930	17

RECOMMENDATIONS

#	Recommendation	Page #
1	It is recommended that the Companies maintain copies of its claim proceeds checks, surrender transactions, and annual policy statements in each policy file. Reference: RCW 48.05.280	9
2	It is recommended that OSL include documentation in its file that describes the reasons for termination of a contract. Reference: I.C.41-1329, I.C. 41-1824, I.C. 41-1935	13
3	It is recommended that OSL maintain a completed company delivery receipt in each of its files. Reference: I.C. 41-1824	13
4	It is recommended that WULA confirm the deceased's state of residence and pay interest on claim proceeds on individual life policies when applicable. Reference: RCW 48.23.300	16
5	It is recommended that the Companies review each statement of proceeds prior to delivery to assure that all amounts due and all deductions taken are listed. Reference: WAC 284-30-330(9)	16
6	It is recommended that the Companies confirm that copies of claim proceeds checks are maintained in its paper files according to the Companies' procedures. Reference: WAC 284-30-340	16
7	It is recommended that the Companies provide claim forms and instructions to the policy beneficiary within ten (10) working days. Reference: WAC 284-30-360(4), A.A.C. R20-6-801(E)(4)	16
8	It is recommended that OWAL complete claim investigations within 30 days following notification of a claim. Reference: A.R.S. § 20-461(A)(5), A.A.C. R20-6-801(F)	18

**SUMMARY OF STANDARDS
LIFE AND ANNUITY EXAMINATION STANDARDS
WASHINGTON**

#	Company Operations & Management Standards	Page	Pass	Fail
1	The Company is authorized with the Office of Insurance Commissioner prior to acting as a life insurance carrier in the State of Washington. Reference: RCW 48.05.030(1)	8	X	
2	Each domestic insurer holds an annual meeting of shareholders or members to receive reports and elect officers. Reference: RCW 48.07.040	NA		
3	No less than three-fourths of the directors are United States or Canadian citizens, and a majority of mutual insurer directors are residents of this state. Reference: RCW 48.07.050	8	X	
4	All domestic insurers report to the OIC any amendments to the Articles of Incorporation. Reference: RCW 48.07.070(2)	NA		

#	General Examination Findings Standards	Page	Pass	Fail
1	The Company does business in good faith and practices honesty and equity in all transactions. Reference: RCW 48.01.030	8	X	
2	The Company allows the examiners access to all records, documents and files, and facilitates the examination process. Reference: RCW 48.03.030(1)	9	X	
3	The Company does business in its own legal name. Reference: RCW 48.05.190(1), Bulletin 78-7	9	X	
4	The Company maintains full and adequate accounts and records of its assets, obligations, transactions and affairs. Reference: RCW 48.05.280	9		X
5	The Company does not discourage insureds from contacting the OIC and does not discriminate against those insureds that do contact the OIC. Reference: WAC 284-30-572(2)	9	X	

#	Policy Administration Standards	Page	Pass	Fail
1	The Company only pays dividends, unused premium refunds, or savings distributed on account of any policy to the policy owner as shown on its records, or any party to whom the policy owner has assigned these rights. <i>Individual Life Only</i> . Reference: RCW 48.18.340(1) and (2)	NA		
2	The Company processes all types of policy administration procedures in accordance with the required policy provisions. <i>Individual Life Only</i> . Reference: RCW 48.23.030, RCW 48.23.070(1), RCW 48.23.080(1), RCW 48.23.085(6), RCW 48.23.120	12		X

#	Policy Administration Standards	Page	Pass	Fail
3	The Company processes all types of contract administration procedures in accordance with the required contract provisions. <i>Individual Annuity Only</i> . Reference: RCW 48.23.150, RCW 48.23.190, RCW 48.23.210	12	X	
4	Companies who use policy illustrations at issue provide the insured with an annual report on the status of the policy in accordance with the regulations. <i>Individual Life and Group Life Only</i> . Reference: RCW 48.23A.070	12		X
5	The Company complies with the required provision for a grace period of 31 days to pay the group life premium. <i>Group Life Only</i> . RCW 48.24.110	NA		

#	Claims Standards	Page	Pass	Fail
1	The Company complies with the required provision regarding simultaneous deaths of the insured and beneficiary as required by statute. Reference: RCW 48.18.390	NA		
2	Interest at no less than 8% of the payable death benefit accrues from the date of death up to the payment date. Benefits that have not been paid 90 days after receipt of the proof of death accrue an additional 3% interest, commencing on the 91 st day, up to the payment date. <i>Individual Life Only</i> . Reference: RCW 48.23.300	16	X	
3	When the Company receives a request for an accelerated benefit claim, it sends the required disclosure statement within 20 days of the request. Reference: WAC 284-23-650(7)	NA		
4	The Company does not use unfair discrimination or apply conditions on accelerated benefits except as specified in the policy or rider. Reference: WAC 284-23-680	NA		
5	The Company pays claims fairly and without deception as defined by the unfair claims settlement practices act. Reference: WAC 284-30-330(1), (2), (3), (4), (5), (9), (11), (13), (15) and (19)	16	X	
6	The Company maintains complete claim files with all notes and work papers in such detail that the claims history can be reconstructed. Reference: WAC 284-30-340	16	X	
7	The Company does not misrepresent any policy provisions at the time of the claim. Reference: WAC 284-30-350(1) and (4)	15	X	
8	The Company acknowledges receipt of notification of a claim within 10 working days. Reference: WAC 284-30-360(1)	15	X	
9	The Company responds to an inquiry from the OIC regarding a claim within 15 working days. Reference: WAC 284-30-360(2)	NA		

#	Claims Standards	Page	Pass	Fail
10	The Company responds to any other inquiries from a claimant within 10 working days. Reference: WAC 284-30-360(3)	15	X	
11	The Company provides necessary claim forms, instructions, and reasonable assistance within 10 days of receipt of notice of claim. Reference: WAC 284-30-360(4)	16	X	
12	The Company completes investigation of the claim within 30 days of notice of claim, unless such investigation cannot reasonably be completed within such time. Reference: WAC 284-30-370	15	X	
13	The Company advises of the acceptance or denial of a claim within 15 working days of receipt of properly executed proof of loss. If denied for a specific policy provision, condition, or exclusion, it must be given to the claimant in writing. Reference: WAC 284-30-380(1)	16	X	
14	If a claim is denied for a reason other than a specific policy provision, condition, or exclusion, and not made in writing, the Company includes an appropriate notation in the claim file. Reference: WAC 284-30-380(2)	NA		
15	If the Company needs more time to determine if the claim should be accepted or denied, it notifies the claimant within 15 working days of receipt of proof of death. If the investigation remains incomplete, the Company sends a letter with reason for the delay within 45 days of the initial notice and every 30 days thereafter. WAC 284-30-380(3)	16	X	

APPENDIX A

Washington Examination Findings

General Examination Findings Standard #4: The Company maintains full and adequate accounts and records of its assets, obligations, transactions and affairs. Reference: RCW 48.05.280.

OIC ID #	Policy #	Type	Comments
12	UL015238	Life	Copy of claim proceeds check was not in the file
26	CD029619	Annuity	Copy of surrender transaction was not in the file
46	A 028265	Annuity	Copies of two (2) surrender transactions were not in the file
4(L)	UL011461	Life	Annual policy statements were not in the file (2002, 2003)
7(L)	UL002557	Life	Annual policy statements were not in the file (2002, 2003)
9(L)	UL005542	Life	Annual policy statement was not in the file (2002)
10(L)	UL011747	Life	Annual policy statements were not in the file (2002, 2003)
11(L)	UL015697	Life	Annual policy statements were not in the file (2002, 2003)
12(L)	UL008698	Life	Annual policy statements were not in the file (2002, 2003)
14(L)	UL016573	Life	Annual policy statement was not in the file (2003)
16(L)	UL006148	Life	Annual policy statement was not in the file (2002)
20(L)	UL012057	Life	Annual policy statement was not in the file (2003)
24(L)	UL009184	Life	Annual policy statements were not in the file (2002, 2003)
25(L)	UL014179	Life	Annual policy statement was not in the file (2003)
26(L)	UL006265	Life	Annual policy statements were not in the file (2002, 2003)
27(L)	UL006626	Life	Annual policy statement was not in the file (2002)
29(L)	UL012147	Life	Annual policy statements were not in the file (2002, 2003)
31(L)	UL014238	Life	Annual policy statement was not in the file (2003)

OIC ID #	Policy #	Type	Comments
34(L)	UL012562	Life	Annual policy statement was not in the file (2002)
35(L)	UL007233	Life	Annual policy statement was not in the file (2002)
36(L)	UL014433	Life	Annual policy statement was not in the file (2003)
37(L)	UL010090	Life	Annual policy statements were not in the file (2002, 2003)
38(L)	UL007157	Life	Annual policy statement was not in the file (2002)
39(L)	UL014505	Life	Annual policy statement was not in the file (2003)
40(L)	UL015904	Life	Annual policy statements were not in the file (2002, 2003)
42(L)	UL007281	Life	Annual policy statements were not in the file (2002, 2003)
46(L)	UL007718	Life	Annual policy statements were not in the file (2002, 2003)
47(L)	UL007519	Life	Annual policy statements were not in the file (2002, 2003)
48(L)	UL012907	Life	Annual policy statements were not in the file (2002, 2003)
50(L)	UL016531	Life	Annual policy statements were not in the file (2002, 2003)

APPENDIX B
Idaho Examination Findings

EXCEPTIONS

Marketing and Sales Standard #4: Company rules pertaining to producer requirements in connection with replacements are in compliance with applicable statutes, rules and regulations. Reference: IDAPA 18.41.012

- Contract A007707
- Contract A009826

Claims Standard #3: Claims are settled in a timely manner. Reference: I.C. 41-1329, I.C. 41-1930

- Contract IR001111

OBSERVATIONS

Policyholder Service Standard #2: Policy issuance and insured requested cancellations are timely. Reference: I.C. 41.1329, I.C. 41-1824, I.C. 41-1935

- Contract A006981
- Contract IA001046
- Contract IR002535

Policyholder Service Standard #5: Policy transactions are processed accurately and completely. Reference: I.C.41-1321, I.C. 41-1824

- Contract IR002535
- Contract A007030
- Contract IR001788
- Contract IR001111
- Contract A006065
- Contract A007565
- Contract A005466
- Contract IR001753
- Contract A005224
- Contract A001997
- Contract A005507